

January 5, 2005

Board of Lucas County Commissioners
One Government Center
Suite 800
Toledo, Ohio 43604

Honorable Board Members and Citizens of Lucas County:

Although the 2005 budget process had concluded when I arrived, I have reviewed the budget and look forward to working with the Office of Management and Budget and the Board of County Commissioners throughout the year as we begin preparing for the 2006 budget process. The Office of Management and Budget will be working with Administration as we carefully follow the State's budget process in order to be able to react to any effects that the County may experience from passage of the State Budget.

The area of greatest concern is the future of the Local Government Funds. The 2005 General Fund revenue estimate for Local Government Funds is \$8,600,000. These funds represent approximately 6.5% of total general fund revenue. The Office of Management and Budget with guidance from the Board of County Commissioners and Administration will prepare a contingency budget in case of the loss of all or a portion of these funds.

There is also a growing concern about what effect the Federal Budget may have on important local programs and we intend to closely monitor any potential impact on our budget. We are hopeful that our local economy will begin to solidify and recover from recent difficult economic times.

Challenges of Balancing the 2005 General Fund Budget

The prior County Administrator faced many of the same challenges in balancing the 2005 General Fund budget that were presented during the 2004 budget process. The Elected Officials/Appointing Authorities proposed budgets that when combined with the other operating expenditures were greater than the estimated revenue.

To address this gap, the General Fund departments were separated into three funding priorities. Funding Priority #1 includes the Sheriff and all the divisions of Common Pleas Court. Funding Priority #2 includes all the remaining Elected Officials. Funding Priority #3 includes the non-mandated departments. The Board of Elections and the Veterans Service Commission were held harmless. The Elected Officials/Appointing Authorities were very cooperative about understanding the need to establish these funding priorities in order to be able to present a balanced budget for 2005.

Even through these difficult fiscal times, Lucas County has maintained its bond/credit ratings with Moody's (A+), Fitch (AA-) and Standard and Poors (A1).

Budget Principles

The 2005 Adopted Budget and Plan, as in previous years, conforms to the following principles that were set forth to ensure the continued sound financial condition of Lucas County:

1. Multi-year operating and capital planning will be incorporated into the annual appropriation process.
2. Cooperation with other elected office holders to identify, promote and implement revenue-generating and cost-saving ideas will continue.
3. Current fiscal policies and practices will be evaluated and updated.
4. Maintenance of a sufficient General Fund reserve for unknown and unusual circumstances.
5. Estimate revenues using a conservative approach to avoid budget shortfalls during the fiscal year.

Following these principles year after year demonstrates the County's commitment to prudent financial management.

Budget-in-Brief

The 2005 Appropriation Budget that was passed on December 21, 2004 was **\$573,951,349** of which **\$135,449,619** is the General Fund. The General Fund budget was balanced by anticipating the use of approximately \$3.0 million from the General Fund reserve. The 2005 General Fund revenue projection is \$132,449,619.

The major revenue source for the General Fund is sales tax, which is projected at \$69,360,000. Sales tax revenue is approximately 52.4% of General Fund receipts. The second largest source of revenue for the General Fund is property taxes.

The budget document contains all of the funds in the General Fund, all the funds under the Board of County Commissioners and major funds defined by the Office of Management and Budget as ones that are greater than \$5.0 million.

The following is a comparison of the 2004 actual vs. the 2005 estimated General Fund revenue sources:

REVENUE CATEGORIES	2004 ACTUAL	2005 ESTIMATED	% CHANGE
Taxes	\$89,099,052	\$88,823,000	-0.3%
Investment Income	\$4,998,644	5,430,000	8.6%
Fees/Licenses	\$12,343,866	11,846,408	-4.0%
Fines and Forfeitures	\$507,839	555,300	9.3%
Miscellaneous Revenue	\$7,570,120	8,090,751	6.9%
Intergovernmental	\$19,073,521	17,704,160	-7.2%
Transfer	\$521,000	0	-100.0%
TOTAL REVENUES:	\$134,114,042	\$132,449,619	-1.2%

Issues and Initiatives

I have highlighted below some of the key issues and initiatives that face Lucas County in 2005 and beyond.

Storm Water Management - A storm water coalition is in place in conjunction with the Lucas County Engineer to address compliance with the Federal EPA Phase II Storm Water regulations.

Workforce Development – The State of Ohio designated Lucas County as a Local Area for purposes of the Workforce Investment Act of 1998, which prompted the establishment of a One Stop location for the convenience of business and the job seeker called “ The Source”. Currently we are

working with the non-profit Workforce Investment Board in crafting an agreement that establishes the duties and responsibilities of each. Along with this document, we are negotiating an MOU with our One-Stop Partners at “The Source”.

Western Lucas County Water – A policy is in the process of being developed to evaluate what method(s) will be utilized to provide a sustainable water supply to the western portion of the County. This area has been and continues to experience low levels of water for current and future residents. Discussions are underway with the City of Toledo to provide water to these residents.

County Wide Communication System – The Board of Commissioners has established by resolution a County Wide Communication System to be operated by the Sheriff with some of the funding to come from the 911 Levy. This project will address the issue of providing an interoperable county wide communication system that will offer high quality, prompt, efficient public safety and public service programs to the citizens of Lucas County in a financially prudent manner. The total estimated cost of this project is approximately \$31 million and a majority of the funding for the systems infrastructure, estimated at \$15 million, has been identified. Proposals are in the process of being reviewed.

Economy - The County, City, other local communities, the Port Authority, the State and other interested parties through the Regional Growth Partnership, have been active in promoting industrial and commercial development in the County and the Toledo MSA, providing financing information, marketing programs and, in some cases, infrastructure improvements, grants and other incentives designed to spur economic development and the creation and retention of jobs.

Relocation of the Emergency Operation Center (EOC) - The Board of County Commissioners approved \$160,000.00 in the 2003 Capital Improvement Plan to relocate the Emergency Operation Center from the Lucas County Corrections Center to the newly renovated Consolidated Communications Center. This will put the Emergency Operations Center at the same location as emergency management and public safety communication personnel allowing for a coordinated emergency service functionality and response.

Economic Development Collaborative - Participation in the Economic Development Collaborative with the Regional Growth Partnership, local universities, the Toledo-Lucas County Port Authority and the City of Toledo. The Collaborative will present a new model for area cooperative and comprehensive economic development in 2005. We are currently working on a plan to consolidate the City of Toledo and Lucas County Economic Development Departments and improve communication with all County jurisdictions. The goal is to recruit new jobs and businesses to the area and not simply shift existing jobs from one County jurisdiction to another.

Enterprise Resource Planning – In 1999, Lucas County decided that it was necessary to change their payroll/human resources/financial system because this system would no longer be supported after 2006. This very complex project was broken down into phases. Phase 1 which was comprised of HR, Payroll, Benefits and Time and Labor has been completed. County-wide training will take place in 2005 to make managers aware of new reports for department administration. There are currently discussions about when the second phase will begin. The project is not only providing new technology for the County, but the business processes are being evaluated and changed where appropriate.

Healthcare Costs – Administration will be working closely with our healthcare consultant in evaluating what future coverage Lucas County can provide to its employees and what contribution the employees will need to make in order to receive the same quality of benefits that they currently enjoy.

Monitoring the 2005 Budget – Although the 2005 General Fund budget was passed in December 2004 after many difficult decisions, there is a need for constant monitoring of the revenues and expenditures. The Office of Management and Budget is closely tracking the receipts as well as the departmental expenditures and reporting this information to Administration on a monthly basis. The Federal and State budgets are also being watched closely for any impact they may have at the local level.

Early development of the 2006 Budget – Administration, in association with the Office of Management and Budget, will begin to develop preliminary revenue estimates in order to ensure that the Elected Officials are fully aware of the difficult challenges that lie ahead. The Commissioners, Administration and the Office of Management and Budget will work closely with all Elected Officials and department heads in the preparation of the 2006 budget keeping in mind all factors of the budget.

Recreation Center Planning - The Lucas County Recreation Center's operations were streamlined in 2004 by centralizing maintenance with the facilities department. The Commissioners have focused on creating partnerships with those groups regularly utilizing the facility.

Courthouse Renovations - The Lucas County Courthouse will be undergoing major renovations as the offices of the Prosecutor are relocated from the Courthouse and other locations near the Courthouse to the Family Court Center. This move will allow the various divisions of the Prosecutor to be housed under one roof centralizing their operations. The vacated space will be utilized by the remaining tenants in order to provide services in a more efficient manner.

Correction Center Phase II Study – The direction of this study has taken a significant turn as the County and the City of Toledo are studying the benefits of a combined jail/municipal court. Results of the study will be available by the 2nd quarter of 2005. As this phase of the project progresses, it will also encompass the entire Civic Center Mall Master Plan.

Criminal Justice Inter-Jurisdictional Agreements - Administration has reviewed our current criminal justice service contracts (Lucas County Corrections Center, Corrections Center of Northwest Ohio, and Work Release) and has negotiated new contracts with the City of Toledo and will have suburban jail and CCNO contracts in place by the 1st half of 2005.

2006 Budget

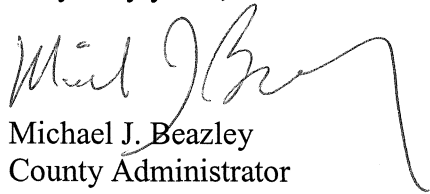
The initial 2006 revenue projections for the General Fund will be developed at the beginning of the second quarter in 2005 in order to give an early picture of the challenges that will arise in developing the 2006 Budget. The Governor's budget proposal speaks about cutting the Local Government Funds by 20% in 2006. This would have a significant impact on our revenue estimate for 2006. A 20% reduction is approximately \$1,720,000 of the \$8,600,000 estimated for 2005.

The Office of Management and Budget will also work with the Outside General Fund Departments to ensure that their anticipated revenue is in line with their proposed expenditures.

Conclusion

Administration and the Office of Management and Budget will work with the Board of County Commissioners and other Elected Officials and Department Heads to utilize the available resources in the best manner to ensure that the programs and services delivered are as cost efficient and effective as possible.

Very truly yours,



Michael J. Beazley
County Administrator

Contact Information and Reference Guide

To obtain any additional information or if you have questions regarding the 2005 Budget Document, feel free to call the Office of Management and Budget at (419) 213-4517, Monday thru Friday during the hours of 8:30 a.m. and 4:30 p.m. Eastern Time. For a budget-related question regarding a specific department or topic, please e-mail or call the corresponding budget analyst as listed below:

- Bridgette Kabat (Assistant Director): bkabat@co.lucas.oh.us (419) 213-4646 – Economic Development, Workforce Development, Prosecutor, Sanitary Engineer, Wastewater Treatment, Office of Management and Budget, Risk Management, Bonds, Capital, Debt Management and Real Estate Taxes and Exemption.
- Kelly Roberts: kroberts@co.lucas.oh.us (419) 213-4488 – Auditor, Real Estate Assessment, Information Services, Coroner, Department of Public Services (Recreation Center & Solid Waste), Dog Warden, Emergency Services (9-1-1, Emergency Management Agency, Emergency Medical Services), Facilities, Treasurer, Criminal Justice Coordinating Council, Corrections Center of Northwest Ohio, Public Defender, Workforce Investment Act and Invoicing.
- Diana Minor: dminor@co.lucas.oh.us (419) 213-4528 – Commissioners, Alcohol & Drug Addiction Services, Board of Mental Retardation & Developmental Disabilities, Board of Elections, Children Services Board, Child Support Enforcement Agency, Community Mental Health Board, County Engineer, Family & Children First Council, Job & Family Services, Plan Commission, Recorder, Support Services (includes Central Supply, Telecommunications, and Vehicle Maintenance), Veterans Service Commission, Juvenile Court, Human Resources, Grants, Hotel-Motel Tax and Transfers.
- Kevin Helminski: khelmin@co.lucas.oh.us (419) 213-4524 – Sixth District Court of Appeals, Clerk of Courts, Domestic Relations Court, Probate Court, Common Pleas Court (Adult Probation, Work Release, Court Security, Pretrial/Presentence, Correctional Treatment Facility, Felony Diversion, and Jury Commission), Integrated Justice System, Law Library, County Sheriff, Municipal Courts, Building Regulations, Centralized Records Center, Health Services, Soil & Water Conservation District, Ohio State University Cooperative Extension, Agricultural Society, Lucas County Library and Prevailing Wage.

For your convenience, the 2005 Budget Document, as well as other information is available at our website: www.co.lucas.oh.us/omb

The 2005 Budget Document is also available for viewing at the Main Branch of the Toledo-Lucas County Public Library located in downtown Toledo at 325 N. Michigan Avenue.

Lucas County Departmental Phone Directory

Department	Website	Division	Phone Number
Agricultural Society/Fair Board		Main Office	419 893-2127
Alcohol & Drug Addiction Services Board	www.lucasadasboard.org	Main Office	419 213-4235
Auditor	www.co.lucas.oh.us/auditor	Accounting	419 213-4329
		Auditor	419 213-4394
		Information Services	419 213-4025
		Personal Property	419 213-4338
		Real Estate Tax	419 213-4424
		Special Assessments	419 213-4330
Board of Elections	www.co.lucas.oh.us/BOE	Main Office	419 213-2046
Mental Retardation & Developmental Disabilities	www.co.lucas.oh.us/lucasMRDD	Administration	419 248-3585
		Adult Services	419 255-0064
		Central Intake	419 381-8230
		Early Intervention Program	419 381-7300
		Early Start Program	419 381-7300
		Hill Adult Services Center	419 534-4980
		Holland Adult Services Center	419 891-5215
		Larc Lane Center	419 385-5771
		Recreation Center	419 381-8318
		Senior Options Program	419 385-5771
		Telegraph Adult Services Center	419 476-2516
		Transportation Center	419 385-6021
		Vocational Services Center	419 385-4686
Building Regulations	www.co.lucas.oh.us/BR	Main Office	419 213-2990
Child Support Enforcement Agency	www.co.lucas.oh.us/CSEA	Main Office	419 213-3000

Lucas County Departmental Phone Directory

Department	Website	Division	Phone Number
Children Services	www.co.lucas.oh.us/LCCS	Main Office	419 213-3200
Clerk of Courts	www.co.lucas.oh.us/clerk	Auto Title	419 245-4201
		Domestic Relations	419 213-6901
		Main Office	419 213-4484
Commissioners	www.co.lucas.oh.us/commissioners	Administration	419 213-4500
		Clerk of the Board	419 213-4824
		Main Office	419 213-4500
Common Pleas Court	www.co.lucas.oh.us/CommonPleas	Adult Probation Department	419 213-6100
		Centralized Drug Testing Unit	419 213-6007
		Civil Mediator	419 213-4815
		Community Supervision Office	419 213-6000
		Correctional Treatment Facility	419 213-6200
		Court Administrator	419 213-4777
		Court Deputies	419 213-4270
		Court Rehabilitation and Correction Services	419 213-6191
		Court Reporters	419 213-4476
		Electronic Monitoring Unit	419 213-6295
		Human Resources	419 213-6194
		Jury Commission	419 213-4740
		Pretrial/Presentence Department	419 213-6080
		Security	419 213-6000
		Work Release Department	419 213-6051
Community Development Center		Main Office	419 865-2322
Coroner		Main Office	419 213-3900
County Engineer	www.co.lucas.oh.us/engineer	Administration	419 213-4540
		Road Maintenance	419 893-2232

Lucas County Departmental Phone Directory

Department	Website	Division	Phone Number
Court of Appeals	www.co.lucas.oh.us/Appeals	Sixth District	419 213-4755
Dog Warden	www.co.lucas.oh.us/DogWarden	Main Office	419 213-2800
Domestic Relations Court	www.co.lucas.oh.us/Clerk/Domestic.asp	Court Administrator	419 213-6859
		Court Counseling Department	419 213-6800
		Magistrate Department	419 213-6850
		Main Office	419 213-6850
Economic Development	www.co.lucas.oh.us/lcewd	Main Office	419 213-4510
Educational Services Center		Main Office	419 245-4150
Emergency Services		Administration	419 213-6532
	www.co.lucas.oh.us/EMA	Emergency Management Agency	419 213-6503
	www.co.lucas.oh.us/EMS	Emergency Medical Services	419 213-6510
	www.co.lucas.oh.us/911	Emergency Telephone (9-1-1)	419 213-6532
Facilities		Administration	419 213-6465
		Corrections Center Maintenance	419 213-4737
		Family Court Maintenance	419 213-6772
		Juvenile Justice Center Maintenance	419 213-6793
		Lucas County Courthouse Maintenance	419 213-4737
		Office Complex Maintenance	419 213-3755
Family Council	www.co.lucas.oh.us/familycouncil	Administration	419 213-6990
		Cluster	419 213-6992
		Help Me Grow	419 213-6987
		Maternal Health	419 213-6998
Human Resources		Main Office	419 213-4521

Lucas County Departmental Phone Directory

Department	Website	Division	Phone Number
Job and Family Services	www.jfs.ohio.gov	Main Office	419 213-8306
Juvenile Court	www.co.lucas.oh.us/Juvenile	Juvenile Detention Center	419 213-6723
		Juvenile Magistrates	419 213-6762
		Juvenile Probation	419 213-6610
		Youth Treatment Center	419 213-6161
		Main Office	419 213-6722
Management & Budget	www.co.lucas.oh.us/omb	Main Office	419 213-4517
Maumee River Wastewater Treatment Plant		Main Office	419 878-3075
Mental Health Board	www.co.lucas.oh.us/MHB	Main Office	419 213-4600
Ohio State University Extension	www.ag.ohio-state.edu/index.html	Main Office	419 213-4254
		Toledo Botanical Garden Office	419 578-6783
Probate Court	www.co.lucas.oh.us/Probate	Main Office	419 213-4775
Prosecutor	www.co.lucas.oh.us/prosecutor	Child Support	419 213-3180
		Civil Division	419 213-2001
		Criminal Division	419 213-4711
		Foreclosure Unit	419 213-4061
		Juvenile Division	419 213-6951
		Special Units Division	419 213-4708
		Victim Assistance	419 213-4591
		Main Office	419 213-4700
Recorder	www.co.lucas.oh.us/recorder	Main Office	419 213-4400
Risk Management	www.co.lucas.oh.us/RiskManagement	Main Office	419 213-4530

Lucas County Departmental Phone Directory

Department	Website	Division	Phone Number
Sanitary Engineer	www.co.lucas.oh.us/SanitaryEngineer	Administration	419 213-2926
		Maintenance Division	419 213-2911
		Projects Division	419 213-2926
		Wastewater Treatment Plant	419 878-3075
Sheriff	www.co.lucas.oh.us/Sheriff	Civil Branch	419 213-4784
		Corrections Center	419 213-4900
Soil & Water Conservation District	www.co.lucas.oh.us/LSWCD	Main Office	419 893-1966
Solid Waste Management District	www.co.lucas.oh.us/LCSWMD	Main Office	419 213-2230
Support Services	www.co.lucas.oh.us/supportservices	Accounts Payable	419 213-4516
		Mailroom	419 213-4356
		Purchasing Division	419 213-4509
		Telecommunications	419 213-4000
		Vehicle Maintenance	419 255-9505
Toledo-Lucas County Health Department	www.co.lucas.oh.us/health	Main Office	419 213-4100
Toledo-Lucas County Plan Commission	www.ci.toledo.oh.us	Main Office	419 245-1200
Treasurer	www.co.lucas.oh.us/Treasurer	Main Office	419 213-4301
Veteran Service Commission	www.co.lucas.oh.us/veterans	Main Office	419 213-4133
Workforce Development	www.co.lucas.oh.us/WDA	Main Office	419 213-6300